



DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

49 CFR Part 577

[Docket No. NHTSA–2015-0048]

RIN 2127-AL60

Defect and Noncompliance Notification

AGENCY: National Highway Traffic Safety Administration (NHTSA), Department of Transportation (DOT).

ACTION: Final rule.

SUMMARY: This final rule amends NHTSA’s regulation requiring motor vehicle manufacturers and replacement equipment manufacturers to notify owners and purchasers of a defect or noncompliance in vehicles or equipment that they produced. The amendments in this final rule will clarify that a manufacturer of replacement equipment providing a defect or noncompliance notification pursuant to this regulation can inform the purchaser of the replacement equipment of the manufacturer’s intent to remedy the defect or noncompliance by refunding the purchase price of the replacement equipment. NHTSA is amending this regulation so that the regulation conforms to changes in the defect and noncompliance remedy provisions in the National Traffic and Motor Vehicle Safety Act (Safety Act) contained in the Moving Ahead for Progress in the 21st Century Act (MAP-21).

DATES: *Effective date:* This final rule is effective **[INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

Petitions for reconsideration: Petitions for reconsideration of this final rule must be received not later than **[INSERT DATE 45 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

ADDRESSES: Any petitions for reconsideration should refer to the docket number of this document and be submitted to: Administrator, National Highway Traffic Safety Administration, 1200 New Jersey Avenue, SE, West Building, Ground Floor, Docket Room W12-140, Washington, DC 20590.

FOR FURTHER INFORMATION CONTACT: Thomas Healy, Office of Chief Counsel, NHTSA, 1200 New Jersey Avenue, S.E., Washington, DC 20590. Mr. Healy's telephone number is (202) 366-2992. His fax number is (202) 493-3820.

SUPPLEMENTARY INFORMATION:

I. Background

The Safety Act requires manufacturers of motor vehicles or items of replacement equipment to notify NHTSA and owners and purchasers of the vehicles or equipment if the manufacturer determines that a motor vehicle or item of motor vehicle equipment contains a defect related to motor vehicle safety or does not comply with an applicable motor vehicle safety standard and to remedy the defect or noncompliance without charge. 49 U.S.C. 30118(c), 30120. Manufacturers must provide notification pursuant to the procedures set forth in section 30119 of the Safety Act. Section 30119 sets forth the contents of the notification, which includes a clear description of the defect or noncompliance, the timing of the notification, means of providing notification and when a second notification is required. 49 U.S.C. 30119.

Section 30120 of the Safety Act provides a list of permissible remedies from which manufacturers must choose when determining how to remedy a defect. Section 30120 contains

different remedy provisions for manufacturers of motor vehicles and manufacturers of replacement equipment. Section 30120 allows manufacturers of motor vehicles to remedy a defect or noncompliance “by repairing the vehicle; . . . by replacing the vehicle with an identical or reasonably equivalent vehicle; or . . . by refunding the purchase price, less a reasonable allowance for depreciation.” 49 U.S.C. 30120(a)(1)(A). Prior to MAP-21, Section 30120 allowed manufacturers of replacement equipment to remedy a defect or noncompliance by “repairing the equipment or replacing the equipment with identical or reasonable equivalent equipment.” 49 U.S.C. 30120(a)(1)(B) (2011). MAP-21 amended section 30120 by expanding the list of permissible remedies available to replacement equipment manufacturers to include refunding the purchase price of the equipment.¹

The conduct of a recall notification campaign, including how and when owners, dealers, and distributors are notified, is addressed by regulation in 49 CFR part 577, *Defect and Noncompliance Notification*. Section 577.5 specifies the required content and structure of the owner notifications. Section 577.6 specifies the required content and structure of the notification if the owner notification is sent pursuant to an order by the NHTSA Administrator. Section 577.5 and 577.6 both specify that the owner notification must include a statement notifying the owner of the vehicle or replacement equipment how the manufacturer intends to remedy the defect or noncompliance.

This final rule amends §§ 577.5 and 577.6 of 49 CFR part 577 so that the requirements for the statement notifying owners or purchasers of replacement equipment how the manufacturer intends to remedy a defect or noncompliance reflect the MAP-21 amendment allowing manufacturers of replacement equipment to remedy a defect or noncompliance by refunding the purchase price.

¹ Pub. L. No. 112-141, 126 Stat. 771 (2012), Section 31311.

II. Public Comment

NHTSA did not issue an NPRM prior to this final rule. While the Administrative Procedure Act (APA) requires that agencies publish a general NPRM in the Federal Register prior to issuing a final rule, an agency is not required to publish an NPRM if the agency is able to make and makes a good cause finding that notice and public comment is “impracticable, unnecessary, or contrary to the public interest.”²

NHTSA finds that notice and public comment prior to issuing this final rule is unnecessary. The D.C. Circuit has held that the notice and public comment requirements of APA are unnecessary when the “rule is a routine determination, insignificant in nature and impact, and inconsequential to the industry and to the public.”³ The amendments in this final rule do not create any new rights or obligations not already present in 49 U.S.C. 30120. The amendments in this final rule update the notification requirements in 49 CFR 577.5 and 577.6 to reflect that the option to refund the purchase price of the replacement equipment is available to manufacturers as a remedy for a defect or noncompliance. Furthermore, these changes were made by statutory amendment. Therefore, the amendments contained in this final rule do not involve the exercise of discretion on the part of the agency. Because this final rule does not create any rights or obligations not already present in 49 U.S.C. 30120 or involve the exercise of discretion by the agency, the impacts of this rule are insignificant and inconsequential to industry and the public making notice and public comment unnecessary.

III. Regulatory Notices and Analyses

A. Executive Order 12866, Executive Order 13563, and DOT Regulatory Policies and Procedures

² 5 U.S.C. 553.

³ *Mack Trucks, Inc. v. E.P.A.* 682 F.3d 87, 92 (D.C. Cir. 2012) (quoting *Util. Solid Waste Activities Grp. v. E.P.A.*, 236 F.3d 749, 754 (D.C. Cir. 2001)).

NHTSA has considered the impact of this rulemaking action under Executive Order 12866, Executive Order 13563, and the DOT's regulatory policies and procedures. This final rule was not reviewed by the Office of Management and Budget (OMB) under E.O. 12866, "Regulatory Planning and Review." It is not considered to be significant under E.O. 12866 or the Department's regulatory policies and procedures.

This regulation amends 49 CFR part 577 to include refund of the purchase price of replacement equipment as a remedy available to replacement equipment manufacturers remedying a defect or noncompliance. This final rule does not require replacement equipment manufacturers to take any actions that they are not otherwise already required to take. Because there are not any costs or savings associated with this rulemaking, we have not prepared a separate economic analysis for this rulemaking.

B. Regulatory Flexibility Act

In compliance with the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, NHTSA has evaluated the effects of this action on small entities. I hereby certify that this rule would not have a significant impact on a substantial number of small entities. The final rule affects manufacturers of motor vehicle replacement equipment some of which qualify as small businesses. However, this final rule does not significantly affect these entities because it does not require any additional actions on the part of equipment manufacturers not already required by 49 CFR part 577.

C. Executive Order 13132

NHTSA has examined this rule pursuant to Executive Order 13132 (64 FR 43255, August 10, 1999) and concluded that no additional consultation with States, local governments or their representatives is mandated beyond the rulemaking process. The agency has concluded

that the rulemaking would not have sufficient federalism implications to warrant consultation with State and local officials or the preparation of a federalism summary impact statement. The final rule would not have “substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government.” This final rule also will not preempt any state law.

D. National Environmental Policy Act

NHTSA has analyzed this final rule for the purposes of the National Environmental Policy Act. The agency has determined that implementation of this action will not have any significant impact on the quality of the human environment.

E. Paperwork Reduction Act

Under the procedures established by the Paperwork Reduction Act of 1995, a person is not required to respond to a collection of information by a Federal agency unless the collection displays a valid OMB control number. The information collection requirements for 49 CFR part 577, *Defect and Noncompliance Notification*, are covered by OMB control number 2127-0004. The amendments in this final rule have no impact on the burden associated with this information collection.

F. National Technology Transfer and Advancement Act

Under the National Technology Transfer and Advancement Act of 1995 (NTTAA) (Public Law 104-113), “all Federal agencies and departments shall use technical standards that are developed or adopted by voluntary consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments.” The amendments in this final rule consist of minor revisions to the required content of letters that manufacturers of replacement equipment for motor vehicles must send to

purchasers and owners to notify them of a defect or noncompliance and do not involve any voluntary consensus standards.

G. Civil Justice Reform

With respect to the review of the promulgation of a new regulation, section 3(b) of Executive Order 12988, “Civil Justice Reform” (61 FR 4729, February 7, 1996) requires that Executive agencies make every reasonable effort to ensure that the regulation: (1) clearly specifies the preemptive effect; (2) clearly specifies the effect on existing Federal law or regulation; (3) provides a clear legal standard for affected conduct, while promoting simplification and burden reduction; (4) clearly specifies the retroactive effect, if any; (5) adequately defines key terms; and (6) addresses other important issues affecting clarity and general draftsmanship under any guidelines issued by the Attorney General. This document is consistent with that requirement.

Pursuant to this Order, NHTSA notes as follows. The preemptive effect of this final rule is discussed above. NHTSA notes further that there is no requirement that individuals submit a petition for reconsideration or pursue other administrative proceeding before they may file suit in court.

H. Unfunded Mandates Reform Act

The Unfunded Mandates Reform Act of 1995 requires agencies to prepare a written assessment of the costs, benefits and other effects of proposed or final rules that include a Federal mandate likely to result in the expenditure by State, local or tribal governments, in the aggregate, or by the private sector, of more than \$100 million annually (adjusted for inflation with base year of 1995). This final rule would not result in expenditures by State, local or tribal governments, in the aggregate, or by the private sector in excess of \$100 million annually.

I. Executive Order 13211

Executive Order 13211 (66 FR 28355, May 18, 2001) applies to any rulemaking that: (1) is determined to be economically significant as defined under E.O. 12866, and is likely to have a significantly adverse effect on the supply of, distribution of, or use of energy; or (2) that is designated by the Administrator of the Office of Information and Regulatory Affairs as a significant energy action. This rulemaking is not subject to E.O. 13211.

J. Regulation Identifier Number (RIN)

The Department of Transportation assigns a regulation identifier number (RIN) to each regulatory action listed in the Unified Agenda of Federal Regulations. The Regulatory Information Service Center publishes the Unified Agenda in April and October of each year. You may use the RIN contained in the heading at the beginning of this document to find this action in the Unified Agenda.

List of Subjects in 49 CFR Part 577

Imports, Motor vehicle safety, Motor vehicles, Tires, Reporting and recordkeeping requirements.

In consideration of the foregoing, NHTSA amends 49 CFR part 577 as follows:

PART 577 – DEFECT AND NONCOMPLIANCE NOTIFICATION

1. The authority citation for part 577 continues to read as follows:

Authority: 49 U.S.C. 30102, 30103, 30116-30121, 30166; delegation of authority at 49 CFR 1.95 and 49 CFR 501.8.

2. Section 577.5 is amended by revising paragraphs (g)(1)(i) and (vi) to read as follows:

§ 577.5 Notification pursuant to a manufacturer's decision.

* * * * *

(g) * * *

(1) * * *

(i) A statement that he will cause such defect to be remedied without charge, and whether such remedy will be by repair, replacement, or refund of the purchase price (in the case of remedy of a vehicle, less depreciation).

* * * * *

(vi) In the case of a remedy of a vehicle by refund of purchase price, the method or basis for the manufacturer's assessment of depreciation.

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3. Section 577.6 is amended by revising paragraph (b)(9)(i)(B) to read as follows:

§577.6 Notification pursuant to Administrator's decision.

* * * * *

(b) * * *

(9) * * *

(i) * * *

(B) A statement of the method of remedy. If the manufacturer has not yet determined the method of remedy, he will select either repair, replacement with an equivalent vehicle or item of replacement equipment, or refund of the purchase price (in the case of remedy of a vehicle, less depreciation); and

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Issued in Washington, DC on September 2, 2015 under authority delegated in 49 CFR part 1.95.

Mark R. Rosekind,
Administrator.

Billing Code: 4910-59-P

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